MINUTES OF THE
SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
Room 30 House Building, State Capitol Complex
Thursday, February 7, 2013

MEMBERS PRESENT:	Sen. Allen M. Christensen, Co-Chair Rep. Ronda Rudd Menlove, Co-Chair Rep. Daniel McCay, House Vice Chair Sen. Deidre M. Henderson Sen. Brian E. Shiozawa Sen. Evan J. Vickers Sen. Todd Weiler Rep. Rebecca Chavez-Houck Rep. Tim Cosgrove Rep. Edward H. Redd Rep. Marc K. Roberts Rep. Earl D. Tanner
MEMBERS ABSENT:	Sen. Peter C. Knudson Sen. Wayne L. Niederhauser Sen. Luz Robles Rep. Brad L. Dee Rep. Paul Ray
STAFF PRESENT:	Mr. Russell Frandsen, Fiscal Analyst Mr. Stephen Jardine, Fiscal Analyst Ms. Paula Winter, Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at http://le.utah.gov A list of visitors and a copy of handouts are filed with the committee minutes.

Co-Chair Menlove called the meeting to order at 8:10 a.m.

Public Comment

There was a call for public comment and Tom Brownlee, self-advocate for People with Disabilities, testified about Medicaid dental and vision provisions and gave his request for further provision.

Intergenerational Poverty

Rick Little, Director of Research and Analysis for the Department of Workforce Services (DWS), offered a summary of a report on Intergenerational Poverty in Utah 2012. Mr. Little proceeded to cover the materials in the handout. He emphasized the methodology used in collecting the data for the report. This is included in the booklet portion of the handout.

Rep. Chavez-Houck asked about relating of data to those who are exposed to domestic violence and if that had been evaluated in the context of the reported findings. Mr. Little replied that domestic violence was not one of the characteristics evaluated but DWS has signed an agreement with BYU to add that to the investigation because others are interested in that factor. Rep Chavez-Houck also wanted to receive input on the percentage of individuals receiving public assistance and food stamps and also the preponderance that those on food stamps or public assistance do not stay on it too long. Ms. Chavez-Houck questioned if it was a large proportion. Mr. Little referred to the chart from the handout entitled Census Data and DWS Data for July 2010.

Rep. Redd stated it seems that the intergenerational poverty is growing. He wondered if there are any

models for intervention to get them out of this cycle. Mr. Little replied that there are studies but the studies

seem to stay with a certain cohort and some strategies have been identified. This division is attempting to use the administrative data they have collected to look at the totality and work with others to identify strategies that would serve to interrupt the cycle of poverty and know this as we serve them so that different strategies can be used to break the cycle.

Rep. Chavez-Houck asked if the variable for mental health issues had been looked at with some of the families. Mr. Little replied that there is not a full data set around mental health issues. They have looked at those for whom identification can be made and have found a statistically different incident of mental illness. The total for this statistic is small and based only on those they have been able to identify so far.

Sen. Christensen expressed a concern that there are categories in the poverty population that are 100 percent predictable and the strategies have not been identified to treat them and it will remain as long as the current administration encourages intergenerational poverty. He stated that his concern lies with the fact that as long as we have to stretch the dollars to a larger number of people those that truly need the assistance will get less and less and less.

Rep. Menlove asked about those who have broken out of the cycle and wondered if there was data available. Mr. Little stated that others have also asked about that. He mentioned that the challenge is the amount of data available. It is necessary to identify someone who is intergenerational and someone who has broken out of the cycle. We have about 22 years of data and will continue to collect it. Rep. Menlove indicated that perhaps that data will give us insights of how we help people to exit the cycle.

Medicaid Efficiency Report

Michael Hales, Deputy Director Department of Health (DOH), covered the Medicaid Efficiency Report. This is for information only. About 2 years ago SB 180 was passed that charged the DOH to reform Medicaid payments and the way services are delivered for clients and providers. This began January 2013. Medical costs have gone up commercially as well as publicly. In the Medicaid program growth rates from 2008-09 period were around 11 percent. Their focus is to constrain the growth of costs so that the growth rate will be more proportional to the growth rate of the Feneral Fund. Mr. Hales explained how the effort has been made to have the contracted accountable care organizations (ACOs) with delivering all of the services and giving a fixed payment rather than focusing on delivering a specific service as much as keeping people healthy. Mr. Hales went on to explain about the administration rates and the fact that the administrations services are being asked to do more to implement changes being made.

Rep. Chavez-Houck asked if there have been efforts to implement some of the best practices through public programs like Community Health.

Mr. Hales stated that they tried not to be too prescriptive on what an ACO would be and we found that we had another health plan called Health Choice joined so there are now four health plans functioning as ACOs. There has also been interest from the Community Health Centers to see if some version of an ACO model might be implemented and eventually contract with the state to allow a wide range of organizations to participate. Community Health Centers are currently contracting with the ACOs as a subcontractor and putting in place the best practices.

Rep. Redd questioned Mr. Hales about the 6-8 percent administrative rate and what it applied to. Mr. Hales responded that this is the administrative rate that is paid to the ACOs. This amount is a

combination of DOH, DWS, in addition to other agencies which administer and ends up to be 6 percent. DOH is currently paying ACOs to do case management and disease management. They are receiving an 8.3 percent administration rate to implement revamping how services are delivered. The ACOs have been asked to focus on client management, best practices, monitoring clients progress as well as traditional case management, pay the claims, do the adjudication as well as comply with the federal regulations. Mr. Hales stated that the ACOs are assuming the risks that the federal government requires the state to comply with in running the Medicaid program. Mr. Hales further clarified that the ACOs have the discretion of managing their preferred drug list within the parameters of the Medicaid program. No drugs can be excluded. Mr.
Redd asked about whether the people in the mental health system are included in the ACOs and Mr. Hales informed him that they are in a separate capitated system.

Rep. Tanner asked about how this would affect the situation from the provider's point of view and asked whether the ACOs will be the determiner of who contracts with them. Mr. Hales explained that contracting includes a wide latitude. Currently it is set up so that a provider can receive an amount according the services in relation to the whole care team by directing care receivers to the proper care provider. This allows for savings share payment distributions by using varying rates for services provided and not as they have been through a traditional payment model. Our department will continue to focus on the quality of care delivered and the Medicaid experience through new measures and monitoring.

Rep. Menlove asked for representatives from the ACOs to have input. Chad Westover, President of Molina Health Care of Utah, presented information about how Molina works. Information is on a one page handout which explains ACO allowance. The ACO allowance includes three main things which are: cost containment, customer service and access, and quality measures. Our performance is tied to a risk –based contract and the costs have decreased by 39 percent. Mr. Westover continued to explain from the document. Vicki Wilson, with Healthy U, reaffirmed what Mr. Westover had to say and referred to changing the way payments are made and care management is given.

Rep. Tanner voiced a concern about the comparison between the state management which ran at a 2 percent rate rather than 8.3 percent rate currently. Mr. Westover answered by pointing out the Medicaid cost and said that 90 percent is on the medical care side. Efforts are made to contact the member and keep them from having to use the emergency room. Ms. Wilson added that the department has received the same number and are not sure what goes into the 8.3 percentage but are assuming it is for operational pieces. She continued to elaborate on the services provided and being transitioned. Mr. Westover added statistics to show savings obtained in certain areas .

Russell Frandsen, Fiscal Analyst, informed the committee that the state administrative functions are 5 percent administrative rate and the state uses that to determine who is eligible for Medicaid, Workforce Services and their operations and also the computer system behind their services as well as the DOH supervising and executing contracts, and Human Services making sure they are in compliance.

Sen.Vickers commented about the payments to the providers and their reduced rates and how the payments are being reduced for the providers. Mr. Westover responded that the efforts to save are coming from the utilization rather than the contracts. Ms. Wilson emphasized that the model to reduce payments to providers is not sustainable but rather for value so that funds can be increased to the providers.

Rep. Redd addressed the issue of measuring outcomes and wondered if that was an effective measure of patient care and brought up the question of how the ACOs can assist physicians to get away from the fee for services and focus on providing good care. Sen. Christensen responded that would be something for a task force to discuss in the future.

Medicaid Audit

Michael Hales spoke about restrained utilization within the ACOs rather than reimbursement. An intent language directive was given last legislative session to try to reduce emergency department utilization by paying for an emergency dental program which is included on page 4 of the efficiencies report. The finding was that there was a projected savings of $535,000 in the first 5 months and this program will continue. Mr. Hales continued to enumerate a number of other efficiencies included in the report. There are a number of policies continuing to be evaluated and reviewed.

Request for Proposals for Medicaid Dental Services

In the 2011 legislative session the DOH was directed to issue a request, HB 256, for capitated, or all inclusive rates, base contracting for Medicaid Dental Services. This is currently only available to children and pregnant women. There was no contract awarded and continued to meet with the bidders to clarify why a contract was not awarded and it was requested to reissue the proposal which closed at the end of January and currently have staff reviewing responses to RFP and are looking toward a decision for a contract being made between the 15th and 22nd of February.

Sen. Christensen questioned whether the standards have been lowered for the RFP. Mr. Hales stated that there is a set of requirements to meet. Previously there had been a lack of participation of pediatric dentists. So the bid was restructured to include that their network could be built up over 2-3 years rather than having a network in place prior to taking over the contract. The RFP would not be awarded if the network could not be provided. Also in consideration would be the distance having to be traveled to reach the provider. Both rural and urban areas are to be considered for the services. Once a contract is awarded cost effectiveness will be evaluated so all objectives of the Medicaid program are being met.

Sen. Christensen questioned whether there will be specialists required as part of the services and Mr. Hales stated that he will check on that to see whether or not that is part of the requirement.

Rep. Cosgrove informed the committee that as he works as a child advocate at Primary Children's Medical Center, there are 18 percent of the patients coming to Primary Children's for the dental care available there. Mr. Cosgrove stated that the dental center is always packed and that his concern is that the structure of the program may be just to provide a dental assessment which receives a portion of the funding from Medicaid but the actual treatment will not be covered and because the actual reimbursement is so low in previous years that many dentists will not accept Medicaid patients.

Mr. Hales said the hope is to work with the families for preventive care rather than care provided when it is too late or when much work needs to be provided. The goal is to provide better utilization rather than cut provider care. In the original RFP the facility costs were included and our goal was to align the incentives to get people to the dentist. That didn't seem to be viable in the program so that was done away with.

Actual Acquisition Cost Reimbursement for Medicaid Pharmacy Reimbursement

Michael Hales, Deputy Director, DOH, explained the payment process. Currently pharmacy reimbursement is paid a dispensing fee which is $4.40 in the rural counties and $3.90 along the Wasatch front for every prescription. The actual fee for that is around $10-13. The second part of the reimbursement is paying for the ingredients. Most of the profit is made through the ingredient costs. Utah Medicaid has been aggressive in benchmarking prices to meet the prices. Utah has taken the lowest price available in the marketplace to reimburse the pharmacies. Utah is the second lowest reimburser in the country for pharmacy products. This is for information only and does not require action on the

committee's part. Efforts are being made to include smaller pharmacies in the response of collecting information to increase the dispensing fee but there hasn't been much participation.

Budget and Issue Briefs

Russell Frandsen, Fiscal Analyst, covered the Medicaid Spending Statewide Brief and stated that this is for information only but it is important because it identifies all the General Fund that is going into the Medicaid program. In FY2012 we spent $485 million general fund on the Medicaid program and another $5 million Education Fund. That is 23 percent of all the General Fund spent. Mr. Frandsen continued through on the brief to look at where the matching funds come from.

MOTION: Rep. Menlove moved to adjourn

Co-Chair Christensen adjourned the meeting at 9:50 a.m.

Minutes were reported by Ms. Paula Winter, Senate Secretary

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Sen. Allen M. Christensen, Co-Chair
Rep. Ronda Rudd Menlove, Co-Chair